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Harry's Reflections: What it Takes to Manage to Win

Background

Harry came to Bridgewater as an investment management strategist ten years ago. He was never in a management role but had lots of views about management. About 18 months ago, he was put into a management job and learned what it really takes. Here is an excerpt from one of Harry's recent Daily Updates related to this:

Reflections this week are more free form than I usually produce but.....

Getting Less Tolerant Not More

This is what is going on inside me. The truth is that I never used to think in machine like ways. I then take this role and sort of have to and now I see the merits of doing so (within reason) and the importance of doing so if we are going to loop up. I'm kind of addicted and I get pissed off (probably too easily lately) if others aren't doing so. I am much less tolerant of examples I see of people not thinking this way and I think by and large this is a good thing if we are going to keep making progress.

I don't like losing. Losing pains me whether it be a finals, a tennis match, whether it be almost anything. Not sure where I got that from but the positive about that quality is that I have succeeded more than I have failed. The negative is that at times I'm probably not the most pleasant person to be around. What is going on inside of me lately is that I kind of get the hang (I think) of this mgt thing and now I want to win very badly. What I mean by win is that like Reagan wanted America to be "the shining city on the hill", I want the CS Research Pillar to be the "shining pillar" of Bridgewater. What a change that would be! Imagine a world where the quality of our work was excellent routinely, where our relationships with our client advisor clients was exemplary, where we cut the unnecessary churn almost to nothing, where almost every IA in the company wanted to work in our pillar at least for a little while, where we were the shiny thing. That is the world I want and I want people around me who want that too.

Harry hates losing and wants pervasive excellence in order to win. Most people want to be excellent and win, but not all succeed. As Ray writes in Principles, what separates winners from losers is whether they a) understand and deal with reality to make their goals happen and b) show the determination and willingness to overcome pain needed to make it happen. You have the freedom to choose. We'd like you to reflect on this.

1. On scale of 1 to 5, how well would you rate your own understanding of what you need to do to make sure your job responsibilities are handled well? (1 – don't understand; 5 – understand clearly)

2. On a scale of 1 to 5, how would you rate your determination and willingness to overcome pain to handle your job responsibilities well? (1 – not determined and willing; 5 – very determined and willing)

Now please reflect on the following principle:

41) By and large, you will get what you deserve over time. The results that you end up with will reflect how you and your people learn to handle things. So take control of your situation and hold yourself and others accountable for producing great results. People who wish for a great result but are unwilling to do what it takes to get there will fail.

What it Takes

Here, Harry goes on to reflect on what's necessary for him to manage to achieve what he wants:

Emily wrote in her most recent reflections the following: “The past seven months have been a pretty transformative period of time for me. I don't think I've had a period of such rapid evolution since my first year at Bridgewater. And, back then, it was rapid evolution on a content front, whereas today the evolution has happened more on the "me" front.”

That was music to my ears. I recently chatted with John after a pod meeting about what he was struggling with and came away thinking even more highly of him because John wants to evolve. He is his worst critic so it seems to me and there is a lot to love about that. Same with Tom. What isn't music to my ears is lots of discussion around the “IA contract” even though I respect and understand the concern and felt obligated to deal with it. But, in a sense, it is far away from the mission. Greg didn't go from intern to where he is today with something like that in mind. I didn't become a good strategist with something like that in mind. People who want to be great don't care about artificial impediments, they care only about striving towards a goal. I want to be around those kinds of people. I can imagine how what I am writing will stir up some angst but I am counting on the fact that by now my relationships with most IA's in the pillar are strong enough that they know what I am saying and not saying. We have to be clear with expectations but allow maximum freedom for our future stars to fly.

My intolerance for badness is getting more and more aggressive and so I feel myself looping. I feel it and so does Karen. Our relationship at this point goes back a long way. I care a ton about her and that is why I am being very tough on her, almost downright mean at times. Here's the truth: Karen can decide to evolve and grow or she can run. That is her choice. Her goal is clear which is that she wants to be more of a leverager than a processor and thus she must change her way of thinking. Just yesterday she bombards me with an “urgent” need for a decision that I need to make about a meeting as I am walking to another meeting. This is when I make my worst decisions and so this time I stop and ask Karen why the hell I need to make this decision at this moment? “Lucienne tells me its urgent” she says but when I probe I see that the reason its urgent is because Warren sat on it for two days or more and now the client/prospect hasn't heard from us for a week. Well, you know what, that is Warren's fault and Lucienne's fault and

not our fault and we aren't going to be put in a position of pain where we make decisions that aren't thought out in a machine like way.

Lesson to Karen that came from me loud and clear: Stop being a price taker, stop absorbing pain unnecessarily because someone else acted badly, start thinking rather than processing. I am holding her ruthlessly to this and it can be painful for both of us but I believe that she can do it (i.e. think she has the abilities to do this) and I know she will be happier if she does. I am growing intolerant of bad strategizing and making sure I am holding people accountable.

I gave Jerry feedback over the last week as well. Jerry didn't know how to handle ABC's question on why we are taking new assets into PA and PAMM which to me is a miss. After flailing around in our typical almost brotherly dance, he, to his credit, finally admits it and we get to a good place and a successful place with ABC. Jerry is an interesting case of someone who deeply cares but also wants to live the business class life and can at this point and so the struggle is to make sure the first is winning out over the second.

The XYZ due diligence thing has enormous threads for learning about ourselves. In retrospect, everyone thinks (not sure if Brian does but we will find out) that the info pack where it came from is below the bar. Yet, the info pack was on the shelf and Brian approved it going to XYZ as the crux of the answers to the due diligence questionnaire. Wow. Were it not for Daniel and Mike catching this thing, we would have sent crap out the door. Here the system worked well. This was escalated to me, I read it, I thought it was below the bar and it was re-done to what all believe was acceptable. Nevertheless, I will stay on this like a fly on shit. What happened in the pod and particularly what was Brian seeing here? How did the PA Pillar and particularly Ed think this was ok as a leveragable piece? Where was Simon on this and where was I on this? The piece was up there without me understanding that it wasn't at the bar. This all needs to be diagnosed but I am glad I am feeling that bad feeling because that is what it takes to get this right and get future things right and if we rise to a higher level, shit didn't even go out the door – barely!

What I am looking forward to here is what all of us will take away from this and what it will mean for the future. Who wants to win? Just as I love moving a room of trustees to do the right thing, I love the mission of trying to get this right.

Clearly Harry's view of what it takes to manage well has evolved as a result of his moving from being on the sidelines to being on the field. Ray believes that what Harry discovered is inevitably required for all managers -- that to achieve excellence requires assessing what people are like, being radically transparent about your assessments, and holding them accountable to high standards for the outcomes they produce.

Some relevant principles include:

75) Force yourself and the people who work for you to do difficult things. It's usually easy to make things go well if you're willing to do difficult things. We must act as trainers in gyms

act in order to keep each other fit. That's what's required to produce the excellence that benefits everyone. It is a law of nature that you must do difficult things to gain strength and power. As with working out, after a while you make the connection between doing difficult things and the benefits you get from doing them, and you come to look forward to doing these difficult things.

76) Don't worry if your people like you; worry about whether you are helping your people and Bridgewater to be great. One of the most essential and difficult things you have to do is make sure the people who work for you do their jobs excellently. That requires constantly challenging them and doing things they don't like you to do, such as probing them. Even your best people, whom you regularly praise and reward, must be challenged and probed. You shouldn't be a manager if you have problems confronting people or if you put being liked above ensuring your people succeed.

3. On a scale of 1 to 5, do you agree with these principles? (1 –strongly disagree; 5 – strongly agree)

4. By and large, do you see the people around you operating in the way that Harry is suggesting?

Y/N/Don't Know